



TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: August 21, 2018

TITLE: Motion to Approve Increase in Expenditures to Contract for Purchase of
Group Dental Plan Benefits - Cigna Health and Life Insurance Company -
\$1,656,889

Recommendation

It is recommended that City Commission approve an increase of expenditures for the three-year contract with Cigna Health and Life Insurance Company (Cigna) for Group Dental Health Maintenance Organization (DHMO) and Dental Preferred Provider Organization (DPPO) plan benefits in the estimated annual amount of \$1,656,889 for a new three-year maximum amount of \$5,363,791.

Background

There are three separate fully insured dental plans that are offered to the City's International Association of Fire Fighters (IAFF), Management, Federation, and Teamster group employees and eligible dependents:

1. IAFF DPPO - This plan is set by bargaining agreement, and has both lower benefits and premiums than the Citywide DPPO plan. Prior to Humana, the plan was self-funded with Guardian.
2. Citywide DPPO - This plan is offered to Management, Federation and Teamsters.
3. Citywide DHMO - This plan is offered to Management, Federation and Teamsters.

On October 17, 2017, the City Commission approved Contract 575-11928 for a three-year, fully-insured dental plan with Cigna in the estimated amount of \$3,706,902; and authorized the City Manager to approve two, one-year renewal options contingent upon appropriation of funds (CAM #17-0756).

Dental premiums are calculated on a per subscriber rate. For 2018-2020, a total three-year dental plan premium amount or contract value of \$3,706,902 (three-year total) was estimated based on active employee enrollment at the time of the procurement. Due to increased staffing levels, increased plan enrollment, the exclusion of retirees and

Consolidated Omnibus Budget Reconciliation Act (COBRA) participants, and the potential for increased future enrollments for the remainder of the contract period (through December 31, 2020), it is being requested to increase the expenditure (total premium) from the original authorized annual amount of \$1,656,889 to a total maximum three-year amount of \$5,363,791. The total estimated premium of \$5,363,791 is based on current 2018 enrollment and the estimated maximum enrollment for 2019-2020 based on the current number of eligible employees. Premiums are fixed for three years; and for years four and five of the contract, they have a rate increase cap of not to exceed 7 percent.

There is no fiscal impact to the City as premiums (contract value) for retirees, COBRA participants, and most employees (Teamster and Federation) are paid in full by Community Builders. Management, IAFF and Confidential employees who receive funds from the City were accounted for in the FY 2018 Budget along with the correct total expenditures. This CAM is to increase the approved total expenditures and respective purchase orders to pay carrier premiums because of the missing enrollment projections.

Resource Impact

There will be no fiscal impact to the City in Fiscal Year 2018. Future expenditures are contingent upon approval and appropriation of the Fiscal Year 2019 and 2020 Budgets.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing our resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

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